

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER COMPANY	DOCKET NOS. WRU-98-11-150 RFU-98-16 WRU-98-34-150 RFU-98-19 RFU-99-5
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ORDER DIRECTING REFUND TO CUSTOMERS

(Issued March 3, 2000)

Pursuant to an order issued by the Federal Energy Regulatory Commission (FERC) in Public Service Company of Colorado, et al., Docket Nos. RP97-369-000, et al., Northern Natural Gas Company (Northern) has forwarded to Interstate Power Company (Interstate) four refunds relating to ad valorem taxes collected by the State of Kansas.

Interstate received notice of the first refund from Northern on February 26, 1998. On April 22, 1998, in Docket No. WRU-98-11-150, the Utilities Board (Board) granted Interstate's request for waiver of the Board's requirement in 199 IAC 19.10(8) that it file information regarding a refund within 30 days of receipt of the refund. At that time, an application for rehearing had been filed with FERC and there was some uncertainty regarding the refund. Stating interest would continue to accrue and ratepayers would not be harmed, the Board allowed Interstate to file the refund information with the Board after the FERC docket was concluded. The Board also directed Interstate to file a status report at the time it

filed its annual PGA reconciliation filing. The Board stated a status report would apprise the Board of the progress in Docket Nos. RP97-369-000, et al., and may help determine if any portion of the refund should be passed on to ratepayers at that time.

The Board granted Interstate's request to waive the Board's refund filing requirement at the time of three subsequent Northern refunds relating to Docket Nos. RP97-369-000, et al. The requests were identified as Docket Nos. RFU-98-16, WRU-98-34-150, RFU-98-19, and RFU-99-5. Each of the refunds is being handled in the same manner.

The FERC's refund decision regarding the ad valorem taxes was appealed to the U.S. Court of Appeals. On October 29, 1999, in Andarko Petroleum Corporation, et al. v. FERC, 196 F.3d 1264 (D.C. Circuit, 1999), the U.S. Court of Appeals affirmed the FERC's decision directing refunds of amounts with interest. However, on January 21, 2000, the U.S. Court of Appeals granted rehearing. 2000 U.S. App. LEXIS 764. In its decision on rehearing, the Court stated the principle embodied in its decision affirming the FERC's decision remains unchanged. However, the Court vacated its earlier opinion as far as refund dates are concerned and remanded the case to FERC.

Interstate should begin refunding to its customers the amounts it has received and deposited in a special account. There will be additional amounts that will be refunded in the future. Interstate should report receipt of these subsequent refunds as they are received, pursuant to 199 IAC 19.10(8).

The Board's earlier grants of waiver from 199 IAC 19.10(8) as they applied to the refunds associated with FERC Docket Nos. RP97-369-000, et al., are terminated. See, Docket Nos. WRU-98-11-150, RFU-98-16, WRU-98-34-150, RFU-98-19, and RFU-99-5. Interstate must file with the Board its detailed plan for refunding these amounts within 30 days from the date of this order.

IT IS THEREFORE ORDERED:

As discussed in the body of this order, within 30 days from the date of this order, Interstate Power Company shall file a plan for the immediate refund of all refund amounts it has received that have resulted from the Federal Energy Regulatory Commission decision in Public Service Company of Colorado, et al., Docket Nos. RP97-369-000, et al.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 3rd day of March, 2000.